



Benefits from CAFTA-DR Florida

U.S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
MARCH 2005

Florida's exports of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled \$3.2 billion in 2004, the highest total among the 50 states, and considerably more than second place Texas (\$1.8 billion).

Shipments to the CAFTA-DR region accounted for 11 percent of Florida's total exports in 2004, the second-largest share among the states and significantly greater than the 1.9 percent CAFTA-DR region share of total U.S. exports in 2004.

Collectively, the countries of CAFTA-DR were Florida's largest export destination. Even individually, the CAFTA-DR markets are important trading partners for Florida. In 2004, the Dominican Republic was Florida's sixth-largest market, receiving shipments totaling \$1 billion. Four other CAFTA-DR countries (Guatemala, Costa Rica, Honduras, and El Salvador) ranked among Florida's top 25 export markets that year.

CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Florida's exporters throughout the region, providing new market

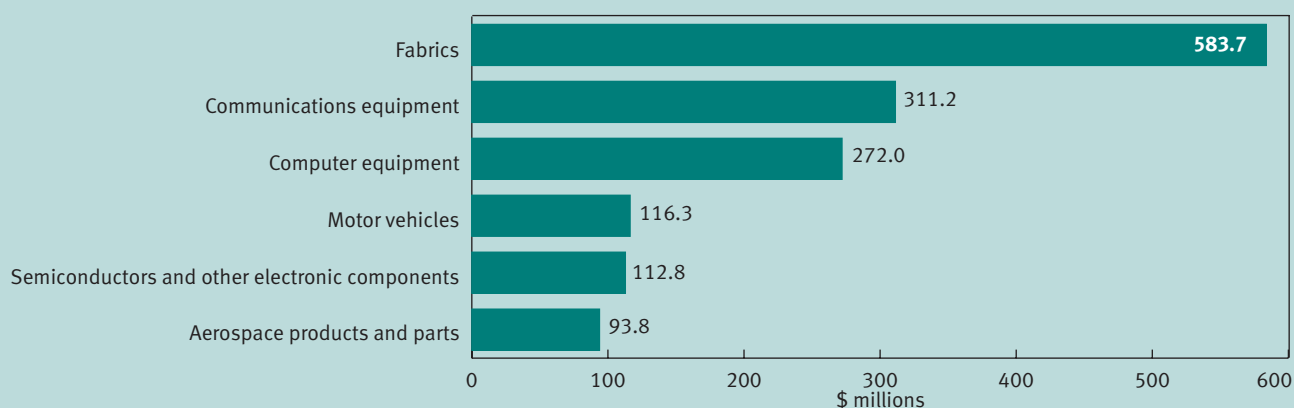
access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

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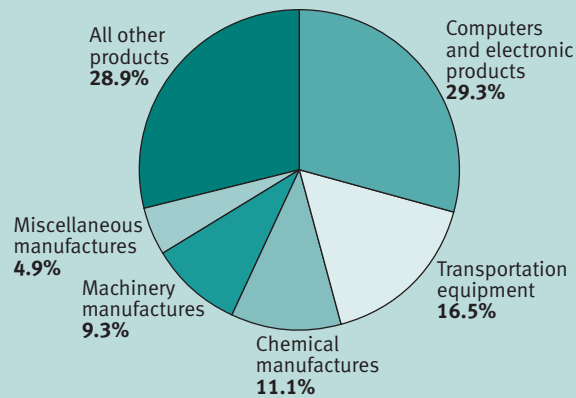
Florida Exported \$3.1 Billion Worth of Manufactured Goods to the CAFTA-DR Region in 2004 *Fabrics Is Top Export Category*



Source: U.S. Department of Commerce.

Florida Exported \$29.0 Billion in Goods to the World in 2004

Computers and Electronic Products Lead



Source: U.S. Department of Commerce.

CAFTA-DR Improves the Competitiveness of Florida's Fabric Manufacturers

Florida's top export to the CAFTA-DR group is fabrics. In 2004, the state exported fabrics to the CAFTA-DR region valued at \$584 million—representing 87 percent of its total fabrics shipments globally and over one-sixth of its total shipments to the CAFTA-DR group. Florida's exports of fabric to the region increased by \$451 million from 2000 to 2004.

CAFTA-DR provides regional garment-makers—and their U.S. suppliers of fabric and yarn—a critical advantage in competing with Asia. Garments made in the region will be duty-free and quota-free under the agreement only if they use U.S. fabric and yarn, thereby supporting U.S. exports and jobs. Textile and garment factories in Central America and the Dominican Republic purchase large amounts of fabric and yarn from the United States: the region is the second-largest world market for these U.S. products.

High-Tech Exports Are Important for Florida

From 2000 to 2004, Florida's export shipments of high-tech products to the CAFTA-DR countries increased significantly: communications equipment increased by \$134 million, computer equipment by \$62 million, and semiconductors and other electronic products by \$55 million. All products covered by the Information Technology Agreement, including computers and communication equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement. In 2004, Florida's exports of computer and electronic products reached \$784 million.

Transportation equipment. CAFTA-DR will eliminate the 11 percent average tariff that Central American nations and the Dominican Republic impose on autos and parts. Of particular note, CAFTA-DR will eliminate El Salvador's 30 percent auto import tariff. Florida shipments of motor vehicles to CAFTA-DR markets totaled \$116 million in 2004.

Chemical manufactures. Florida's exporters of chemicals and related products will benefit from CAFTA-DR tariff reductions. Tariffs on high-value chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or in five years.

Other manufactured products. Railroad rolling stock is Florida's fastest-growing manufactured export to the CAFTA-DR region, increasing 584 percent from \$1.2 million in 2000 to \$8.1 million in 2004. Other rapidly growing manufactures exported from Florida to the CAFTA-DR group over this five-year period were processed seafood products, aerospace products and parts, and processed non-ferrous metals (except aluminum). CAFTA-DR should enhance opportunities for exports in these and other sectors.

Florida's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S.-Chile FTA, Florida's exports to Chile grew by more than 15 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Florida's combined exports to Canada and Mexico have increased by almost 95 percent.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about “export production” in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.